

## Message Text

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PAGE 01 STATE 188631  
ORIGIN TRSE-00

INFO OCT-01 ISO-00 EB-08 /009 R

66011

DRAFTED BY:TREAS:IDN:RBANQUE

APPROVED BY:EB/OT/GCP:JSLATTERY

-----074864 262243Z /61

R 261936Z JUL 78

FM SECSTATE WASHDC

TO AMEMBASSY TEL AVIV

AMEMBASSY SEOUL

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FOLLOWING REPEAT GENEVA 10087 ACTION SECSTATE INFO ALL EC CAPITALS  
BOGOTA BRASILIA CAIRO CANBERRA HELSINKI MEXICO NEW DELHI  
OSLO OTTAWA STOCKHOLM TOKYO JUL 03.

QUOTE: LIMITED OFFICIAL USE GENEVA 10087

USMTN

USEEC

PASS STR ELECTRONICALLY  
STR PASS CODEL

E.O.11652:N/A

TAGS: ETRD, MTN

SUBJECT: MTN: SUBSIDIES/CVD - STATUS REPORT -  
WEEK OF JUNE 28

REF: GENEVA 05679

1. SUMMARY: AFTER ONE WEEK'S WORK IN INFORMAL DRAFTING  
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PAGE 02 STATE 188631

SESSIONS WITH U.S., EC, CANADA, JAPAN AND NORDICS, GOOD  
PROGRESS HAS BEEN MADE TOWARD DEVELOPMENT OF A COMMON TEXT  
ON SUBSIDIES AND COUNTERVAILING AS A BASIS FOR NEGOTIATIONS.  
END SUMMARY.

2. THE WEEK BEGAN WITH AN UNEVENTFUL 7 PLUS 7 MEETING.  
U.S. (RIVERS), EC (ABBOTT) AND CANADA (AMB GREY) PROVIDED

A BRIEF OUTLINE OF IDEAS UNDER DISCUSSION. U.S. DEL EXPRESSED HOPE THAT A DRAFT DOCUMENT COULD BE DEVELOPED AS A BASIS FOR NEGOTIATION BY THE END OF THE WEEK. DEVELOPING COUNTRIES (INDIA, BRAZIL, EGYPT, MEXICO, COLOMBIA) SPOKESMEN APPRECIATED THE BRIEFING, STRESSED THEIR VITAL INTEREST IN SUBSIDIES/CVD, AND URGED DRAFTERS OF THE NEGOTIATING DOCUMENT TO INCORPORATE SPECIAL AND DIFFERENTIAL TREATMENT FOR LDC'S.

3. AGRICULTURAL SUBSIDIES: AUSTRALIA DISTRIBUTED ITS PROPOSAL FOR A CODE OF CONDUCT ON EXPORT SUBSIDIES ON PRIMARY PRODUCTS (REFTEL) AS A GATT WORKING DOCUMENT (MTN/NTM/W/164). AUSTRALIA REP (RYAN) INTRODUCED PROPOSAL AS AN ATTEMPT TO MAKE GATT ARTICLE XVI:3 RULES MORE EFFECTIVE, BUT COULD NOT HIDE HIS SKEPTICISM FOR PROSPECTS OF SUCH IMPROVEMENT. CANADA, U.S. AND ARGENTINA WELCOMED AUSTRALIAN INITIATIVE, WITH AMB GREY REMARKING THAT THE CONCEPT OF "SHARE OF INDIVIDUAL MARKETS" IS A "USEFUL" IDEA.

4. DRAFTING SESSION: REMAINDER OF WEEK WAS DEVOTED TO INTENSIVE DRAFTING SESSIONS AMONG THE U.S., EC, CANADA, JAPAN AND NORDICS. DELS SHARED COMMITMENT TO MAKE BEST EFFORT TO DISTRIBUTE A DOCUMENT BY THE END OF THE WEEK. INITIAL PROGRESS WAS EXCRUCIATINGLY SLOW, INTRODUCING CONCEPTS TO NEW PARTICIPANTS (NORDICS, CANADA, JAPAN) IN DRAFTING EXERCISE. NEW IDEAS WERE INTRODUCED AND SOME CON-

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PAGE 03 STATE 188631

CEPTS WERE INCORPORATED FROM THE GATT ANTIDUMPING CODE. WHILE WORK ON COUNTERVAILING DUTY SECTION WENT RELATIVELY SMOOTHLY, DELS INSISTED ON BRACKETING LARGE PORTIONS OF SUBSIDIES PROVISIONS. WHEN FOLLOW-UP SESSION REVEALED LITTLE INTEREST IN REMOVING THESE BRACKETS, U.S. DEL (RIVERS) INTERRUPTED DRAFTING SESSION AND EXPRESSED FRUSTRATION AT THE INFLEXIBILITY OF OTHER DELS AT THIS LATE STAGE IN THE NEGOTIATIONS. U.S. THREATENED TO CIRCULATE ITS OWN DRAFT DOCUMENT, GIVING U.S. VIEW ON APPROACHES TO SUBSIDIES/CVD. THE GROUP WAS CLEARLY TAKEN ABACK. JAPAN (UKAWA) SAID THAT GOOD PROGRESS HAD BEEN MADE WITHIN THE WEEK AND THAT UNILATERAL DISTRIBUTION OF ONE DELEGATION'S IDEAS CLEARLY WOULD NOT ADVANCE THE NEGOTIATIONS. WITH CONTINUED WORK THE FOLLOWING WEEK, UKAWA ANTICIPATES THAT A DOCUMENT WOULD BE IN SHAPE FOR CIRCULATION TO ALL MTN PARTICIPANTS AND BE A SOLID BASIS FOR NEGOTIATIONS. AFTER U.S. PROMISED TO RECONSIDER AT END OF THE DAY'S WORK, DRAFTING PROCEEDED MORE SWIFTLY WITH SOLUTIONS BEING FOUND TO ENABLE BRACKETS TO BE REMOVED FROM SEVERAL KEY SECTIONS IN SUBSIDIES TEXT. WORK WILL RESUME THE AFTERNOON OF JULY 4.

5. HIGHLIGHTS OF THE DISCUSSIONS IN THE DRAFTING SESSIONS

WERE AS FOLLOWS:

(A) AGRICULTURE: EC LODGED A GENERAL RESERVATION STATING THAT THE EXTENT TO WHICH THIS ARRANGEMENT APPLIES TO AGRICULTURAL PRODUCTS REMAINS TO BE SEEN, AND REITERATED THIS RESERVATION IN THE SECTION REGARDING THIRD COUNTRY SUBSIDIES;

(B) EXPORT SUBSIDY LIST: KLEIN PROFESSED UNWILLINGNESS TO DISCUSS THE LIST OF EXPORT SUBSIDY PRACTICES WITHOUT FIRST CONSULTING MEMBER STATES; KLEIN ASSERTED THAT AGREEMENT ON THIS LIST IS NOT NECESSARY BEFORE JULY 15;

(C) EC REITERATED ITS IDEA THAT CONCEPTS IN THE LIMITED OFFICIAL USE

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PAGE 04 STATE 188631

ANTIDUMPING CODE (ADC) MODIFIED IN THE SUBSIDIES/CVD ARRANGEMENT COULD ALSO BE INCORPORATED IN A REVISED ADC. THE U.S. COULD THEN SUBMIT THE REVISED ADC IN ITS IMPLEMENTING LEGISLATION AS PART OF MTN. U.S. SAID THIS WAS "BEYOND THE PALE" AND CANADA, WHILE SYMPATHETIC WITH EC IN PRINCIPLE, DISMISSED THE IDEA AS "EC PIETY".

6. DRAFTED BY WALLAR. MCDONALD

UNQUOTE CHRISTOPHER

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
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**Decaption Date:** 01 jan 1960  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014